



Atlanta Renewal Community Inc. (ACoRA) Mortgage Assistance Program (MAP) Policy



As amended by the ACoRA Board of Directors November 21, 2008

Purpose

The Mortgage Assistance Program (MAP) provides grants up to \$50,000 to assist in the purchase of homes located within the original boundaries of the former Atlanta Empowerment Zone. MAP provides second-lien loans for eligible low-to-moderate income home buyers. The second-lien loan amount is based upon the borrower's financial need, household income, and household size.

Program Policy

A. Eligible Borrower Requirements

1. Eligible borrower(s) must have household income that does not exceed 100% of the current HUD Area Median Income (AMI) for the Atlanta Metropolitan Statistical Area.
2. A person receiving mortgage assistance cannot own a house at the time of application.
3. Borrower(s) must be a U.S. citizen or a permanent resident alien or possess a current work authorization Visa.
4. Borrower(s) must successfully complete a homeownership education seminar from a HUD-approved housing counseling agency and provide a certificate of completion prior to closing.
5. Borrower(s) must qualify for a fully amortizing FHA, VA or conventional mortgage loan from a lender. The lender must pre-approve borrowers so that the monthly payment is reasonably affordable. MAP loans are only available if the borrower(s) debt-to-income (back-end) ratio does not exceed current Federal Housing Administration underwriting guidelines. The lender should prepare an analysis confirming compliance to this underwriting guideline for submission with the borrower(s) MAP application.

B. Property Requirements

1. Property being purchased must be located in one of the former Atlanta Empowerment Zone (AEZ) census tracts: **8, 17, 22, 25, 26, 28, 29, 32, 33, 46.95, 37, 38, 43, 44, 48, 49.95, 55.01, 55.02, 56, 57, 63, 64, or 67**. The address should be verified at <http://egis.hud.gov/egis> and the Census Tract at www.factfinder.census.gov.
2. Properties must be single-family detached, condominium unit, or townhouse structures.
3. Maximum purchase price shall not exceed FHA mortgage price limits. A complete schedule of FHA mortgage price limits for all areas is available on the HUD Website at: <https://entp.hud.gov/idapp/html/hicostlook.cfm>.



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4. At the time of closing, existing properties must meet HUD's Housing Quality Standards (HQS) and the minimum City of Atlanta housing code standards including lead based paint regulations.
5. The Borrower must sign *Notification: Watch Out for Lead-Based Paint Poisoning*.
6. Borrower must receive a copy of *Protect Your Family from Lead in Your Home*, EPA 747-K-99-001 available at www.hud.gov/offices/lead.

C. Definitions

Dependents

- Individuals under 18 who reside in the household with the borrower(s).
- Adult dependents 18 and older that reside in the household with the borrower(s) will be included with supporting source documentation.
- Full-time students, who are 18 and older, can be included with supporting source documentation, even if they do not live in the household full-time.

Examples of supporting documentation for dependents that may be required for the loan package include:

- Birth Certificate
- Social Security Card
- Legal documentation of adoption or guardianship
- Copy of current class schedule with matching address of the borrower
- Copy of school records with address that matches the MAP applicant's address

Household Size

Includes all persons who reside with the borrower(s). (See Dependents)

The following are *not* included in household size:

- Foster children,
- Live-in aides and children of live-in aides,
- Unborn children, and
- Children being pursued for legal custody or adoption who are not currently living in the household.

A child who is subject to a shared-custody agreement in which the child resides with the household at least 50 percent of the time can be included in household size with required supporting source documentation.

Total Household Income

Any and all sources of income for all family members must be used to calculate Total Household Income. A "snapshot" of the household's current circumstances is used to *project future income*. It should be assumed that today's circumstances



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would continue for the next 12 months, unless there is verifiable evidence to the contrary. The amount will include the annual gross household income anticipated for the coming 12-month period for all persons who reside in the household.

In addition to all wages and salaries, income includes: overtime pay, commissions, fees, tips and bonuses, and all other compensation for personal services (before payroll deductions).

Household income also includes the following types of income:

1. Wages, salaries, tips, etc.
2. Taxable interest
3. Dividend income
4. Taxable refunds or credits
5. Business income (or loss)
6. Capital gain (or loss)
7. Other gains (or losses)
8. Taxable amount of individual retirement account (IRA) distributions
9. Taxable amount of pensions and annuities
10. Rental real estate, royalties, partnerships, S corporations, trust, etc.
11. Farm income (or loss)
12. Unemployment compensation
13. Alimony
14. Student income
15. Child support
16. Taxable amount of Social Security benefits
17. Gifts
18. Other income. *

The following types of Income shall be excluded from the definition of household income in the MAP Program.

1. IRA deduction (head of household and spouse)
2. Medical savings account deduction
3. Moving expenses
4. One-half of self-employment tax
5. Self-employed health insurance deduction
6. Keogh and self-employed SEP and SIMPLE plans
7. Penalty on early withdrawal of savings.

**Includes: prizes and awards, gambling, lottery or raffle winnings, jury duty fees, Alaska Permanent fund dividends, reimbursements for amounts deducted in previous years, income from the rental or property if not in the business of renting such property; and income from an activity not engaged in for profit.*



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Calculate the average weekly income from all income sources for all household members and multiply by 52 to obtain Total Gross Yearly Income for the household.

D. MAP Subsidy Categories

The amount of the MAP investment is based on the financial need of the borrower. MAP funds may be used for down payment assistance and closing costs.

MAP borrowers are eligible for a subsidy of up to \$50,000 based on need as provided below:

- Borrowers below or equal to 50% of AMI = up to \$50,000
- Borrowers between 51% and 100% of AMI = up to \$30,000

Percent of AMI	INCOME LIMIT BY FAMILY SIZE				
	Effective 3/19/09				
	1	2	3	4	5
100%	\$50,200	\$57,400	\$64,500	\$71,700	\$77,400
50%	\$25,100	\$28,700	\$32,250	\$35,850	\$38,700

E. MAP Mortgage Terms

1. Borrower(s) cannot receive cash back at closing.
2. The MAP loan must be recorded in the second-lien position.
3. The MAP loan shall be interest-free with no monthly payments.
4. The MAP loan is subject to a recapture provision as provided below:
 - a) If the borrower sells the home within the first 5 years (except as provided in Section 5a below), or fails to meet the residency requirement, full recapture applies (the entire amount of the loan must be repaid).
 - b) After five years and a day of primary residency, the first \$10,000 of the loan amount is forgiven. An additional \$2,000 will be forgiven for each subsequent year of primary residency.
 - c) After 10 years and one day, any remaining loan amount is fully forgiven for up to \$30,000 of subsidy. For subsidy of \$50,000, any remaining loan amount is fully forgiven after 15 years and one day.



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Rates of Recapture Examples	Original Loan Amount				
	\$10,000	\$15,000	\$25,000	\$30,000	\$50,000
Time of Residency	Recapture Amount				
Years 1 - 5	\$10,000	\$15,000	\$25,000	\$30,000	\$50,000
5 Years and 1 Day	\$ 0	\$5,000	\$15,000	\$20,000	\$40,000
6 Years and 1 Day		\$3,000	\$13,000	\$18,000	\$38,000
7 Years and 1 Day		\$1,000	\$11,000	\$16,000	\$36,000
8 Years and 1 Day		\$ 0	\$9,000	\$14,000	\$34,000
9 Years and 1 Day			\$7,000	\$12,000	\$32,000
10 Years and 1 Day			\$ 0	\$ 0	\$30,000
11 Years and 1 Day					\$28,000
12 Years and 1 Day					\$26,000
13 Years and 1 Day					\$24,000
14 Years and 1 Day					\$22,000
15 Years and 1 Day					\$0

5. Allowable Transfer Conditions without Recapture
 - a) Transfer to another member of the applicant's *immediate family* whose total household income would qualify for the MAP
6. Under the MAP, first mortgages must comply with applicable federal, state and local anti-predatory lending laws and other similar credit-related consumer protection laws, regulations and orders designed to prevent or regulate abusive and deceptive lending practices and loan terms. For more information see: <http://www.hud.gov/offices/hsg/sfh/pred/predlend.cfm>
7. MAP assistance can be used for gap financing, principal reduction, interest rate reduction, to bridge the price gap for the appraised value of the home and the amount the applicant qualifies to purchase.
8. MAP assistance may be leveraged with other down payment assistance programs.
9. This policy is subject to the ACoRA conflict of interest policy.

For more information, please visit our website at www.atlantaga.gov or call (404) 330-6390.